

A regular meeting of the Michigan Public School Employees Retirement System Board was held at the General Office Building, 7150 Harris Drive, Conference Room A, Dimondale, Michigan, on Thursday, November 29, 2007. The following members, staff and observers participated:

Members Present: Jeff Hoffman, General Public Member, Actuarial Experience
 Steven Jagusch, General Public Member, Investment Experience
 William Lawson, Retired Finance/Operations Member and as a representative of the largest retiree organization
 Edwin Martinson, Reporting Unit Board of Control Member
 Richard Montcalm, Finance/Operations Member, Non-superintendent
 John Olekszyk, Retiree Member
 Diana Osborn, Non-Certified Support Member
 Martha Pichla, Active Classroom Teacher Member
 Sally Vaughn representing Mike Flanagan, Superintendent of Public Instruction

Via Conference
 Phone:

Ivy Bailey, Active Classroom Teacher Member

Staff Present: Phil Stoddard, Executive Secretary
 Terry Rideout, Recording Secretary

Others Present: Marie Wilkerson, Ernest Dear, Bonnie Carpenter, Joe Curtin, and Charles Abshagen of the Michigan Association of Retired School Personnel; Richard Hosking, John Winn, and Earl Hagstrom of the Michigan Education Association-Retired; Ellen Hoekstra of Capitol Services; David Martell of Michigan School Business Officials; Mary Ellen Caldwell of Central Michigan University; Henry Pichla; Jeanette Hassan of Eastern Michigan University; Richard Schaper of Western Michigan University; Mark Kleinhans, Superintendent of Montrose Community Schools; Barbara Murphy of Blue Cross Blue Shield of Michigan; Barbara Aikman of Vision Services Plan; Krista Davis from Priority Health; Ben Louagie of Gabriel Roeder Smith & Co.; Thomas Schimpf of the Attorney General's Office; Kerrie Vanden Bosch, Laurie Hill, Kathy Tober, and Matt Torok of the Office of Retirement Services.

Call to Order

Chair Diana Osborn called the meeting to order at 10:30 a.m.

Excusing of Absent Members

Martha Pichla moved, Edwin Martinson supported, to excuse the absence of Lenore Croudy. The motion carried unanimously.

Approval of Agenda

Martha Pichla moved, Richard Montcalm supported, to approve the revised agenda as presented. The motion carried unanimously.

Approval of Minutes

Richard Montcalm moved, Edwin Martinson supported, to approve the minutes of the October 25, 2007, meeting as presented. The motion carried unanimously.

Public Introduction

Chair Diana Osborn offered members of the public the chance to introduce themselves, and also requested those members who wished to provide comment on the health initiatives to turn in their completed "request to comment" form at this time.

Application for Good Cause

Richard Montcalm moved, John Olekszyk supported, to grant the applicant's request to extend the time limit for filing a disability retirement application, since the applicant presented sufficient evidence of extenuating circumstances, and to have the Public School Employee's Retirement System consider the application on the merits. The motion carried unanimously.

Administrative Hearings

Proposal for Decision–Docket 2007-AH087

The Board considered the case materials. Edwin Martinson moved, Richard Montcalm supported, that the Board adopt as its own the recommendation of the Presiding Officer in the September 13, 2007 PFD, including the proposed Findings of Fact and Conclusions of Law, except for the changes requested by Respondent, and deny Petitioner's request for non-duty disability retirement benefits using the form of decision and order offered by Respondent. The motion carried unanimously.

Proposal for Decision–Docket 2007-2206

The Board considered the case materials. Richard Montcalm moved, Edwin Martinson supported, that the Board adopt as its own the recommendation of the Presiding Officer in the September 24, 2007 PFD, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's request for non-duty disability retirement benefits. The motion carried unanimously.

Proposal for Decision–Docket 2007-AH030

The Board considered the case materials. Edwin Martinson moved, Richard Montcalm supported, that the Board adopt as its own the recommendation of the Presiding Officer in the September 18, 2007 PFD, including the proposed Findings of Fact and Conclusions of Law except for the changes requested by Respondent, and deny Petitioner's request for non-duty disability retirement benefits, using the form of the decision and order offered by Respondent. The motion carried unanimously.

Standing Reports – Committee Reports

Legislative Report

Richard Montcalm reported that the Legislative Committee met prior to the Board meeting to discuss two requests previously made by the Board. William Lawson commented that Executive Secretary, Phil Stoddard had been asked to begin working on a legislative response that addresses the issue of a MPSERS member retiring and then returning to work in the same job but as a contract employee who does not contribute to the retirement system.

Richard Montcalm reported that the Committee had also reviewed a letter drafted to Chris Priest, Federal Policy Advisor in Governor Granholm's Washington D.C. Office stating the Board's support of Medicare Advantage for public sector

retirement plans. Richard Montcalm moved, William Lawson supported for the Phil Stoddard to forward the letter signed by Chair, Diana Osborn to Mr. Priest. The motion carried unanimously.

Health Insurance Reports

Chair Diana Osborn reported that since the November 29, 2007, Board meeting two Health Initiative Review Committee (HIRC) meetings were held providing interested parties the opportunity to give public input on the 2008-09 health care proposals. The Health Insurance Committee carefully considered all comments received and several modifications were made as a result.

Ben Louagie of Gabriel Roeder Smith & Co., provided an update on the health care proposals, summarized public feedback, answered Board member's questions and presented the Committee's final recommendation for full Board consideration.

Public comment was received from Bonnie Carpenter (MARSP), Earl Hagstrom (MEA-Retired), Ellen Hoekstra (AFT Michigan and RCC), and David Martell (MSBO).

Following additional Board comments, Ivy Bailey moved, Jeff Hoffman supported that the Board accept the recommendation of the Health Insurance Committee in its entirety and update the plan in accordance with today's presentation, by including:

- Expanding the Plan's Care Management programs
- Including physical and occupational therapists in the Preferred Provider Organization (the "PPO")
- Applying the PPO out of network coinsurance to services performed outside Michigan
- Adding the Therapeutic Interchange, Prior Authorization and Step Therapy pharmacy programs to the Plan and making an inflationary adjustment to the per prescription maximums in 2008 and 2009
- Applying the current \$500 medical plan coinsurance maximum to each covered individual
- Applying the existing 10 percent coinsurance to include all services except: Home Health Care, Hospice and programs where unique discount arrangements have been negotiated with those vendors, for example, labs.
- Instructing staff to include this recommendation in the strategic plan by updating it with Chapter 5-15.

John Olekszyk proposed two amendments to the main motion for Board consideration. John Olekszyk moved, Martha Pichla supported that the maximum copay of \$1000 per family be instituted on a step basis, whereby in 2008 the maximum would rise to \$850, and in 2009 the maximum would then rise to \$1000; and that hospitalization be eliminated from the copay system for 2008.

A roll call vote was taken and the amendments to the main motion were rejected with 7 no votes and 3 yes votes.

Ivy Bailey	no	Edwin Martinson	yes
Jeff Hoffman	no	Richard Montcalm	no
Sally Vaughn	no	John Olekszyk	yes
Steven Jagusch	no	Martha Pichla	yes
William Lawson	no	Diana Osborn	no

After a review of the main motion as originally presented, a roll call vote was taken and the motion was approved with 7 yes votes and 3 no votes.

Ivy Bailey	yes	Edwin Martinson	no
Jeff Hoffman	yes	Richard Montcalm	yes
Sally Vaughn	yes	John Olekszyk	no
Steven Jagusch	yes	Martha Pichla	no
William Lawson	yes	Diana Osborn	yes

Board Comments

No further comments were given.

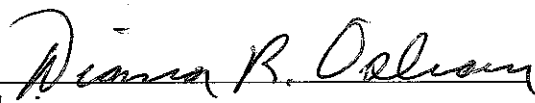
Public Comments

Comments were received from Earl Hagstrom, Ernest Dear, and David Martell.

Adjournment

Martha Pichla moved, Jeff Hoffman supported, to adjourn the meeting at 12:05 pm. The motion carried unanimously.

OFFICIAL MINUTES


Chair


Executive Secretary